

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00

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FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC 1358

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EO 11652: N/A

TAGS: EINV, ETRD

SUBJECT: TRADE ACT OF 1974 - COUNTRY ELIGIBILITY FOR GENERALIZED
PREFERENCES

REF: STATE 23113 AND STATE 51555

1. THERE IS SINGLE CASE WHICH BROAD LANGUAGE OF
STATE 23113 SEEMS TO SUGGEST MIGHT BE ONE WHICH SHOULD
BE EXAMINED IN CONNECTION WITH DETERMINATION OF ZAMBIA'S
ELIGIBILITY FOR GSP UNDER SECS. 502 (B)(4) AND (6) OF
TITLE V OF TRADE ACT OF 1974.

2. CASE IS TAW INTERNATIONAL LEASING DISPUTE WITH GRZ
OVER LATTER'S CANCELLATION OF TRUCK LEASING CONTRACT
ON GROUNDS OF TAW'S FAILURE TO FULFILL CONTRACT. TAW
CLAIMS 18.5 MILLION DOLLARS IN COMPENSATION AND ON
AUGUST 30, 1974, INITIATED ARBITRATION PROCEEDINGS
UNDER INTERNATIONAL CHAMBER VN COMMERCE (ICC) RULES AS
PROVIDED FOR IN CONTRACT. THIS ACTION WAS FORMALLY
NOTIFIED TO GRZ BY ICC ON SEPTEMBER 13, 1974, AND
GRZ RESPONDED WITH ITS OWN COUNTER BRIEF. NO AWARD
HAS YET BEEN MADE AND IN MEJUTIME GRZ AND TAW
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HAVE HELD SEVERAL UNSUCCESSFUL MEETINGS LOOKING

TO SETTLEMENT OUTSIDE OF ARBITRATION. FULL
DETAILS AVAILABLE IN AF/E AND AT OPIC.

3. WHILE ENTIRE MATTER OF COURSE SUBJECT TO EXPERT
LEGAL JUDGEMENT, WE SEE NO INDICATION SO FAR ZAMBIA
HAS FAILED ACT IN THIS DISPUTE IN GOOD FAITH OR
FAILED TO DISCHARGE ITS OBLIGATIONS UNDER INTER-
NATIONAL LAW. NOR, SHOULD EFFORTS OF THE PARTIES
TO SETTLE OUTSIDE OF ARBITRATION PROVE UNAVAILING,
WOULD WE ANTICIPATE ZAMBIAN REFUSAL TO ABIDE BY
EVENTUAL ARBITRAL DECISION.

4. RE PARA 6 STATE 23113, EMBASSY CONSIDERS IT
WOULD BE INADVISABLE AND INAPPROPRIATE IN SPECIFIC
CONNECTION WITH TAW-GRZ DISPUTE TO BRING TO
ATTENTION OF GRZ THE PROVISIONS OF SECS 502 (B) (4)
AND (6) UNLESS AND UNTIL IT EVIDENT GRZ NOT ACTING
IN GOOD FAITH OR FAILING DISCHARGE ITS OBLIGATIONS
UNDER INTERNATIONAL LAW. EVEN IN THAT UNLIKELY EVENT,
SINCE NATURE AND VOLUME OF ZAMBIAN EXPORTS TO US MAKE
GSP OF MINIMAL IMPORTANCE, MAIN CONSEQUENCE WOULD SIMPLY
BE INTRODUCTION OF UNPRODUCDVE IRRITANT IN BILATERAL
RELATIONS.
WILKOWSKI

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